



January 27, 2006

Dear Colleagues:

I am pleased to share with you the Department of Workforce Development's most recent review and update of our December 2004 study on the application of sanctions to W-2 participants. The 2004 report resulted from the work of the Sanction Study Steering Committee which concluded that closer review on the use of sanctions was needed to determine the extent to which sanctions were applied, the rate at which racial disparities occurred, and to identify solutions for eliminating racial disparities.

The findings of the 2004 report were used to guide and modify existing policy, training, and operational details of the W-2 program. In addition, the committee recommended that DWD continue its efforts to monitor and assess sanctioning practices of W-2 agencies to ensure that improvements continue and review sanction rates. The attached report summarizes DWD's most recent review of the application of sanctions. The review, titled *The Impact of Race on W-2 Sanctions from 2000 to 2004*, shows positive progress, for example:

- Sanction disparities between blacks and whites decreased significantly during the 2000-2004 time period;
- An extensive study and review by DWD on the administration of sanctions by local W-2 agencies in Milwaukee has established that sanctions are equitably assigned to blacks and whites;
- **Statewide**, the study revealed that black W-2 participants in Community Service Jobs (CSJs) are actually sanctioned, on average, \$2 less than white participants in 2004. This compares to an average sanction of \$39 more for blacks than whites in 2000;
- In **Milwaukee County**, black participants in CSJs were sanctioned \$13 less than whites in 2004, compared to \$38 more for blacks than whites in 2000;
- Hispanics did not experience disparate treatment in sanctioning. In 2000, Hispanics were sanctioned \$17 less than whites, and in 2004, Hispanics were sanctioned, on average, \$9 less than whites; and,
- On average, Hispanics receive fewer sanctions than whites.

These improvements are a reflection of the work done by the Sanction Study Steering Committee, DWD's efforts to implement the recommendations from the committee, and DWD's push to operate the best and fairest program possible.

As a result of the committee's recommendations and prior studies, DWD took stringent actions to reduce racial disparities, including:

- Meeting with all agencies that appeared to be sanctioning at higher than expected rates;
- Reviewing of all sanctions policies and modifying those policies where needed;
- Monitoring of all agencies to ensure sanctions are properly applied; and,
- Implementing a barrier screen tool to make more appropriate and consistent placement decisions.

The results of this most recent review underscore DWD's resolve that all participants be treated equitably.

In the balance of state, the sanction rates for black CSJ participants have remained higher than those for whites. The pattern in the balance of the state does not necessarily reflect disparate treatment by race within an agency, but could reflect differences in policies or practices across W-2 agencies, as well as the fact that small numbers of minority participants do not provide enough data from which to draw statistically valid conclusions.

While the results of this most recent study show continual improvement in the assessment of sanctions, DWD will continue to monitor W-2 agencies' application of sanctions, both in Milwaukee and the balance of state.

Best regards,



Roberta Gassman
Secretary